

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF KENTUCKY UTILITIES COMPANY)	
AND LOUISVILLE GAS AND ELECTRIC COMPANY)	CASE NO.
TO CONTINUE THEIR REAL-TIME PRICING)	2012-00010
RIDERS)	

ORDER

This proceeding was established on January 12, 2012 to consider the reasonableness of the request by Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") to continue their Real-Time Pricing Riders. KU and LG&E made this request as part their detailed evaluation of the large commercial and industrial real-time pricing pilot program ("pilot RTP") that was approved by the Commission in an Order issued on February 1, 2008 in Case No. 2007-00161.¹ The pilot RTP tariffs became effective December 1, 2008.

As required by the February 2008 Order, KU and LG&E submitted a detailed evaluation of the pilot RTP to the Commission on June 30, 2011. In the evaluation, KU and LG&E propose to continue the existing tariffs and commit to reevaluate the program when their next base rate cases are filed. KU and LG&E state that the program has drawn interest and inquiries from customers but has no participants. In asking that the program be continued, KU and LG&E state that the program provides them the opportunity to offer a product to large commercial and industrial customers which

¹ Case No. 2007-00161, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for an Order Approving a Large Commercial and Industrial Real-Time Pricing Pilot Program (Ky. PSC Feb.1, 2008).

assists in raising awareness for reducing peak and base load demand. In addition, KU and LG&E state that this program could also be viewed favorably by potential customers because it provides another rate option.²

The June 30, 2011 detailed evaluation and the 2009 Annual report on the pilot program filed on March 1, 2010 were incorporated into the record of this proceeding. Commission Staff did not issue a data request but held an informal conference (“IC”) with KU and LG&E on January 17, 2012.

At the IC, KU and LG&E stated that, although there are no participants, they believe that the RTP program was appropriately promoted. KU and LG&E stated that brochures were prepared and mailed to all Major Account customers. In addition, KU's and LG&E's Major Accounts representatives discussed the availability of the program with those customers and one employee was designated to personally visit each customer who indicated an interest in the program. KU and LG&E noted that few customers respond to curtailable or interruptible rate offerings due to the lack of savings and the perceived risk.

Initially, the pilot RTP program costs were anticipated to be \$935,000; however, due to KU's and LG&E's Customer Care System containing components that could be used to perform tasks that originally would have required purchasing new equipment, the projected costs were lowered to \$365,000 in 2008. The lower projected budget resulted in a decrease of the customer program charge from \$140 to \$57 per month. Additionally, as a result of having no program participants, actual program costs over

² Detailed evaluation, submitted June 30, 2011.

the three-year program were only \$53,000, which is significantly below the projected program costs previously mentioned.³

Based on its consideration of the record, the Commission finds that the request of KU and LG&E to continue the pilot RTP riders is reasonable and should be granted. The Commission also notes that, in our October 6, 2011 Order in Administrative Case No. 2008-00408,⁴ we discussed our plans to initiate a new administrative proceeding that will focus on Smart Grid issues, including time-of-use or dynamic pricing. The Commission's actions in this Order are consistent with our intentions as stated in Case No. 2008-00408.

IT IS HEREBY ORDERED that:

1. The requests of KU and LG&E to continue their Real-Time Pricing Riders on a permanent basis are granted.

2. Within 20 days of the date of this Order, KU and LG&E shall file revised tariff sheets with the Commission setting forth the terms and conditions of the Real-Time Pricing Riders and indicating that they were approved by this Order.

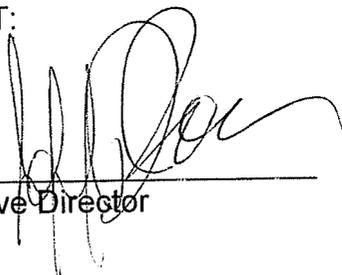
³ *Id.*

⁴ Case No. 2008-00408, Consideration of the New Federal Standards of the Energy Independence and Security Act of 2007 (Ky. PSC Oct. 6, 2011).

By the Commission

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MAR 20 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2012-00010

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